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REPORT OF THE SECRETARY-GENERAL ON THE ACTIVITIES OF THE OFFICE OF INTERNAL OVERSIGHT SERVICES

Note by the Secretary-General

1. Pursuant to General Assembly resolution 48/218 B of 29 July 1994, the Secretary-General has the honour to transmit, for the attention of the General Assembly, the attached report, conveyed to him by the Under-Secretary-General for Internal Oversight Services, on the investigation of the United Nations Access Control System.

2. The Secretary-General has endorsed the recommendations as set out in paragraph 10 of the report.

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SUMMARY

1. The report of the Office of Internal Oversight Services on the audit of the United Nations Access Control System project dated 16 November 1995, which was prepared by the Audit and Management Consulting Division, noted significant problems with the project from its inception to the point that a decision was made not to implement it. The Organization spent US$ 1.5 million for an access control system that was never activated. The Organization is using a small component of the system, the video imaging badge system, which is utilized by the Security and Safety Service in generating photo identifications.

2. The Under-Secretary-General for Internal Oversight Services directed the Investigations Section to conduct a review of the United Nations Access Control System, in accordance with the provisions of paragraph 18 of the Office's mandate, for the purpose of determining whether evidence can be found that any current staff members violated United Nations Rules and Regulations in connection with the project. Specifically, the Investigations Section had been requested to determine:

(a) If the project had been properly planned;

(b) If the contract award was in compliance with United Nations Rules and Regulations;

(c) If the project was properly managed;

(d) If the final acceptance and payment were in compliance with United Nations Rules and Regulations, and with the contract.

3. Investigators, as a follow-up to the report prepared by the Audit and Management Consulting Division, obtained and reviewed documents, and conducted interviews of past and current employees and managers of the Organization, as well as employees of the contractor, the Westinghouse Electric Company. As several years have elapsed since the project was planned and developed, memories have faded. As a result, to a considerable extent, the Investigations Section has had to rely on documents. Six individuals who no longer work for the Organization and who were involved in the project either refused or were unavailable to be interviewed.

4. The investigation concluded that responsibility for the financial loss sustained by the Organization could not be attributed to the acts of any particular staff member either individually or collectively.

I. PROJECT PLANNING

5. Available evidence, including staff testimony, supports a finding that the project was not properly planned. Staff members who were the primary planners sought to install a state-of-the-art access control system while having only a limited knowledge of what such a system involved. This was a new technology with which nobody in the United Nations had any experience; the most qualified

staff available were assigned and a consultant was hired. Unfortunately, the consultant's experience was in building services and not in access control technology. A legal consultant was also hired to assist in drawing up the contract. No feasibility study was conducted. The needs of the Organization were not clearly defined, or perhaps more accurately, were repeatedly redefined by successive managers, as is evidenced by the number of changes to the contract and the final decision not to activate the system after it was installed. Finally and crucially, even though there was a large turnover in upper management, which led to serious deficiencies in the management of the project planning and implementation phases, the project took on a life of its own and was in perpetual motion until the decision was taken not to implement it.

II. AWARD OF CONTRACT

6. The contract award did not violate United Nations rules and regulations. However, the absence of rules specifically governing the preparation, evaluation and award of United Nations contracts in general by requests for proposals creates the potential for misunderstanding and also may allow for the manipulation of the process. After the award of the contract but before the contract was issued, United Nations staff engaged in negotiations with Westinghouse, which changed the initial request for proposals which was written so as to be deliberately vague; United Nations staff did not wish to disclose the extent of security deficiencies. The second request for proposals did not specify products, allowing the vendors to propose different types of hardware, which varied greatly in cost; apparently because of the lack of expertise of the United Nations staff they needed the vendor to propose a system that could be examined and tailored to the needs of the Organization. The higher bidder had requested the opportunity to submit a new bid based on these changes but there is no record of any response to that request.

III. PROJECT MANAGEMENT

7. The single most serious failure in the process was the absence of a strong management presence. There was no clear management over the life of the contract. The contract of the consultant hired to manage the project was not renewed in mid-project. The Director of the Buildings and Commercial Services Division, who had initiated the project, was transferred; five Under-Secretaries-General were appointed during the contract period, each with a different concept for and involvement with the project, resulting in management being shuffled between staff members and departments.

IV. FINAL PAYMENT AND ACCEPTANCE

8. According to witnesses and available documentation, all deliverables required in the amended contract were supplied by Westinghouse and the system was installed and tested based on the acceptance test procedure sign-offs; the sole exception was that the total number of radio frequency cards ordered were not delivered.

V. NON-IMPLEMENTATION

9. The justifications given for not activating the system were problems that United Nations upper management should have reasonably expected when introducing not only a new technology but also a new operating procedure. Management decided to drop an already unpopular project because of concerns about the use of turnstiles; at the time the project was planned for implementation, the Chief of Protocol stated that delegates would object to going through turnstiles; with the requirement of access cards for 10,000 permanent delegates, 10,000 staff and up to 7,000 temporary General Assembly personnel, Westinghouse's delivery schedule was less than adequate. The Staff Union raised health issues, which were determined to be virtually non-existent; the Staff Union also raised a concern about the Security and Safety Service knowing the entry and exit times of all who entered the premises.

VI. RECOMMENDATIONS

10. As a result of the investigation, the following recommendations are made:

(a) To reiterate the recommendation made by the Audit and Management Consulting Division in its report that the United Nations require that feasibility studies be performed whenever undertaking projects where there is new technology involved or no in-house expertise available;

(b) Also to reiterate the Division's recommendation that management ensure that the interests of the United Nations are safeguarded in all contracts. Contract terms regarding the performance of contractors should be standardized and be required on all relevant contracts;

(c) The United Nations should immediately establish a security working group made up of security professionals from various government agencies to evaluate current physical security and procedural policies with a view to identifying the deficiencies and needs of the Organization. This is an especially important issue, considering the recent wave of terrorist attacks worldwide and the vulnerability of the United Nations Headquarters facilities;

(d) Senior management should ensure that a responsible experienced manager is assigned to each project and that a chain of command is established and adhered to;

(e) In view of the amount of time that has passed since the inception and installation of this system and the fact that most of the senior managers involved are no longer United Nations employees, this contract should be reviewed by the Purchase and Transportation Division in the same fashion as that of the Lessons Learned Group in the Department of Peacekeeping Operations, with the expectation that there would be no future occurrence of such a case;

(f) The Office of Legal Affairs and the Purchase and Transportation Division should conduct training exercises in how to prepare requests for proposals in order to eliminate the need for contract amendments and protracted negotiations;

(g) Rules, regulations and procedures specific to requests for proposals should be developed by the Purchase and Transportation Division in consultation with the Office of Legal Affairs.

(Signed) Karl Th. PASCHKE
Under-Secretary-General
for Internal Oversight Services